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SUBJECT: Mining Presents Opportunities and Challenges for Guatemala

REF: A) 2009 GUATEMALA 1352; B) 2008 GUATEMALA 925

¶1. (U) Summary: Experts from the Colorado School of Mines, participating in a roundtable discussion, December 15, said mining ventures in Guatemala could only be successful if they engage local communities and other stakeholders in a meaningful way, are transparent in their corporate and operational processes, and establish and implement credible environmental plans for the projects they undertake. Audience members expressed skepticism revealing the existing tension between mining proponents - who view the industry as valuable to economic development - and skeptics from environmental and indigenous groups who believe that the Government of Guatemala has proven itself incapable of adequately regulating such projects and fear environmental and cultural degradation as a consequence. End Summary.

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#### A Country of Nearly Untapped Mineral Resources

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¶2. (U) Dr. Eric Nelson from the Colorado School of Mines (CSM) described the different types of minerals potentially found in Guatemala. He said the presence of significant volcanic activity and other geographic signs indicated that large quantities of mineral wealth should exist in Guatemala. Nelson emphasized that while Honduras and El Salvador have permitted extensive mining operations throughout the 20th Century, there has been very little exploration in Guatemala, a fact that could be positive as newer, more environmentally friendly, extraction techniques have been developed over the last century. Nelson recommended that the Government of Guatemala (GoG) encourage mining investment by updating and digitally publishing modern geological surveys and maps, establishing a government-led promotion board, and providing relevant information on mining legislation and regulation to potentially interested parties.

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#### Community Relations Key to Overcoming Challenges

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¶3. (U) Dr. Murray Hitzman, an economic geologist from CSM, stated that there are still many challenges to mining in Guatemala. However, successful operations may be possible success if a company worked extensively with stakeholders in national and local governments and with credible NGOs. He acknowledged that the mining industry has been slow to understand this imperative, and

that this, alongside the fact that many mining operations have alienated local stakeholders and degraded the environment, has resulted in protracted opposition to mining and industrial development. However, he emphasized that if mining companies worked with stakeholders, incorporated them into the decision-making process, and invested the money needed to make mine operations environmentally friendly, the results could benefit all parties. Hitzman pointed to several mining operations in Chile and the United States that have successfully utilized these practices and urged the GoG to examine such examples alongside other failed models as it considers future mining regulations and concessions.

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Possibilities Hindered by a lack of Government Transparency  
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14. (U) During the discussion period, comments by audience members embodied the current debate on mining in Guatemala. Marta Pilon de Pacheco, a columnist at Prensa Libre (Guatemala's leading newspaper) and the head of an environmental group, stated that the

execution of such successful projects requires government transparency, something the GoG currently lacks. A representative from an indigenous community underscored the strong distrust many indigenous peoples have for government and cited various environmental problems, such as this summer's algae-bloom in Lake Atitlan (REF A), as evidence that the GoG is incapable of adequately protecting natural resources. Others disagreed, however: Dr. Eduardo Suger, a probable presidential candidate in 2012, emphasized that by failing to exploit its "God-given natural resources," Guatemala would remain impoverished and continue to miss out on the benefits of industrialization.

15. (SBU) Comment: While Guatemala's mining industry is underdeveloped in comparison to its neighbors; the idea of new mining projects remains a highly controversial topic. Rural and indigenous protesters have called for the GoG to impose a moratorium on mining concessions and to revoke those already granted. Protests against large-scale industrial projects, including mining ventures, in two regions (El Estor and San Juan Sacatepequez) resulted in two deaths (Ref B) and enraged communities that feel betrayed by both the GoG and investors. Thus, while the development of a more robust mining industry could have positive results - including job creation and economic growth - mining companies likely have to invest significant time and effort to overcome local stigmas and establish successful operations in Guatemala. End Comment.

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